

1998**Credit for Prior Year Alternative Minimum Tax —
Individuals or Fiduciaries****3510**

Attach to your California tax return.

Name(s) as shown on return

Social security number or FEIN

Part I Net Alternative Minimum Tax (AMT) on Exclusions**Section A — Form 540, Form 540NR and Form 541 Filers**

1	Combine the amounts from your 1997 Schedule P (540 or 540NR), Part II, line 15 through line 18, and enter the result here. Schedule P (541) filers: see instructions	1		
2	Enter any adjustments and tax preference items treated as exclusions. See instructions	2		
3	AMT credit net operating loss (NOL) deduction. See instructions	3	()
4	Combine line 1 through line 3. If zero or less, enter -0- here and on line 13, see instructions. If you were married filing separate for 1997 and this amount is more than \$165,000, see instructions	4		
5	Enter the amount from your 1997 Schedule P (540 or 540NR) line 22, Exemption Worksheet, line 1. Schedule P (541) filers: enter \$22,500	5		
6	Enter the amount from your 1997 Schedule P (540 or 540NR) line 22, Exemption Worksheet, line 3. Schedule P (541) filers: enter \$75,000	6		
7	Subtract line 6 from line 4. If zero or less, enter -0- here and on line 8 and go to line 9. Otherwise, go to line 8. . . .	7		
8	Multiply line 7 by 25% (.25)	8		
9	Subtract line 8 from line 5. If zero or less, enter -0- here. If completing for a child under age 14, see instructions . . .	9		
10	Subtract line 9 from line 4. If zero or less, enter -0- here and on line 13. See instructions.	10		
11	Tentative minimum tax on exclusions. Multiply line 10 by 7% (.07). 1997 Form 540NR filers: enter the result here and go to Section B	11		
12	Regular tax before credits. Enter the amount from your 1997 Schedule P (540), Part III, line 25; or Schedule P (541), Part III, line 9c.	12		
13	Net AMT on exclusions. Subtract line 12 from line 11. If zero or less, enter -0-. Enter the result here and go to Part II.	13		

Section B — 1997 Form 540NR Filers

14	Enter the amount from line 4	14		
15	Enter the amount from your 1997 Schedule P (540NR), Part III, line 25b	15		
16	Total AMT exclusion adjusted gross income. Add line 14 and line 15	16		
17	Enter the amount of California adjusted gross income from your 1997 Schedule P (540NR), Part IV, line 1	17		
18	Enter depletion from your 1997 Schedule P (540NR), Part IV, line 5h	18		
19	AMT California exclusion adjusted gross income. Combine line 17 and line 18	19		
20	Ratio. Divide line 19 by line 16. Enter the decimal	20		
21	Nonresident or part-year resident tentative minimum tax on exclusions. Multiply line 11 by line 20	21		
22	Enter the amount from your 1997 Schedule P (540NR), Part III, line 27	22		
23	Net AMT on exclusions. Subtract line 22 from line 21. If less than zero, enter -0-	23		

Part II Credit Computation

24	Enter the AMT from your 1997 Schedule P (540), Part III, line 26; Schedule P (540NR), Part III, line 28; or Schedule P (541), Part III, line 10. See instructions.	24		
25	Net AMT on exclusions. Enter the amount from line 13. Form 540NR filers: enter the amount from Section B, line 23	25		
26	Adjusted net AMT. Subtract line 25 from line 24. If less than zero, enter as a negative amount	26		
27	Enter any carryover of unused AMT credit from 1997. See instructions.	27		
28	Combine line 26 and line 27. See instructions	28		
29	Enter your 1998 regular tax from: Form 540, line 20; Form 540NR, line 22 multiplied by the ratio from Form 540NR, line 25a; or Form 541, line 21a	29		
30	Allowable credits. See instructions	30		
31	Subtract line 30 from line 29	31		
32	Enter your 1998 tentative minimum tax. See instructions	32		
33	Subtract line 32 from line 31. If zero or less, enter -0-	33		
34	Minimum tax credit. Enter the smaller of line 28 or line 33. Enter this amount here and in column (b) of Schedule P (540), Part V, line 18; Schedule P (540NR), Part VI, line 18; or Schedule P (541), Part V, line 14	34		
35	Subtract line 34 from line 28. This is the amount of your minimum tax credit carryover to 1999.	35		

Instructions for Form FTB 3510

Credit for Prior Year Alternative Minimum Tax — Individuals or Fiduciaries

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 1998**, and to the California Revenue and Taxation Code (R&TC).

General Information

A Purpose

Use this form to figure your 1998 California credit for prior year alternative minimum tax (AMT), if any, for AMT incurred in a taxable year beginning after 1986.

B Who Must File

To claim the credit for prior year AMT, individuals and fiduciaries must complete form FTB 3510. Individuals and fiduciaries qualify for the credit if they:

- Had an AMT credit carryover from 1997; or
- Paid AMT for 1997, and had 1997 adjustments and tax preference items other than exclusions.

Corporations must use Schedule P (100), Part III.

C Exclusions and Deferral Preferences

The 1997 AMT you paid is attributable to 2 types of adjustments and tax preferences, those called exclusions and those called deferral preferences. The amount of AMT attributable to the deferral preferences is available as a credit in 1998.

Exclusions are those adjustments and preference items that cause a permanent difference in the amount of tax you pay. The adjustments and preference items that are exclusions include:

- The standard deduction or itemized deductions;
- Charitable deduction for contributions of appreciated property; and
- Depletion.

Deferral preferences are those adjustments and tax preference items that cause only a temporary difference in the amount of tax you pay. The adjustments and tax preference items that are deferral preferences are all the other items listed on your 1997 Schedule P that are not exclusions.

Use form FTB 3510, Part I, to figure the amount of 1997 AMT that was attributable to only the exclusions.

Use form FTB 3510, Part II, to figure the amount of 1997 AMT that was attributable to the deferral preferences and the amount available as a credit in 1998.

In 1993, California conformed to the federal repeal of the AMT depletion adjustment for independent oil and gas producers and royalty owners. As a result, depletion amounts deducted from income for purposes of computing the regular tax must be adjusted for AMT purposes using the methods prescribed by the federal rules. Your California depletion costs may continue to differ from the federal amounts because of prior differences in the law and differences in bases.

In 1994, California did not conform to the limit on the benefit of the exclusion preference for intangible drilling costs.

Specific Line Instructions

Complete Schedule P (540) through Part III, line 24; Schedule P (540NR) through Part III, line 26; or Schedule P (541) through Part III, line 8, before figuring this credit.

Line 1 — Estates and trusts: Skip line 1 through line 3. Complete a second 1997 Schedule P (541) Part I and Part II. Enter only exclusion items from Schedule P, line 4(a) through line 4(d) and any other exclusion items on Schedule P, line 4(p) and line 4(q). On Schedule P, line 7a, use the alternative minimum tax credit net operating loss deduction (AMTCNOLD) without the 90% limitation (see instructions for line 3 below). If the amount on Schedule P (541), Part I, line 10 is zero or less, enter -0- on line 4 of form FTB 3510.

Line 2 — Enter the adjustments and tax preference items treated as exclusions.

Schedule P (540) filers, combine your 1997 Schedule P (540), Part I, line 1 through line 7, line 13a, and line 13c.

Schedule P (540NR) filers, combine your 1997 Schedule P (540NR), Part I, line 1 through line 7, line 13a, and line 13c.

Schedule P (541) filers combine your 1997 Schedule P (541), Part I, line 4(a) through line 4(d), line 4(p) and line 4(q).

Note: If you included any exclusions on a line other than those listed above, add these exclusions to the total.

Line 3 — Your AMTCNOLD is the loss deduction for 1997 determined under R&TC Section 17276, 17276.2 or 17276.3, subject to the following rules:

- For loss years beginning after 1986, an NOL that has exclusion items is reduced by the amount of these exclusion items (see the instructions for line 2); and
- For loss years beginning before 1987, the amount of NOL that may be carried over to taxable years beginning after 1986 is equal to the amount that may be carried over from such loss years to the first taxable year beginning after 1986 for regular tax purposes.

To determine the amount of the AMTCNOLD that may be carried over to tax years other than 1997, apply R&TC Sections 17276, 17276.2 and 17276.3, with appropriate modifications to take into account exclusion items.

Line 4 — If line 4 is zero and you paid 1997 AMT, all of the 1997 AMT is attributable to the deferral preferences. Enter -0- on line 13, then complete Part I, Section B, if applicable and Part II to figure the credit available for 1998.

Married taxpayers filing separate returns: Complete the following computation if line 4 is more than \$165,000:

- | | |
|--|-----------|
| 1. Enter the amount from line 4 | _____ |
| 2. Maximum exemption amount | \$165,000 |
| 3. Subtract line 2 from line 1 | _____ |
| 4. Multiply line 3 by 25% (.25) | _____ |
| 5. Enter the smaller of line 4
or \$22,500 | _____ |
| 6. Add line 1 and line 5. Enter the
result here and replace the amount
on line 4 with
this amount | _____ |

Line 9 — If you are completing this form for a child who was under age 14 on January 1, 1999, and at least one of the child's parents was alive on December 31, 1998, do not follow the instructions on this form for line 9. Instead, if line 8 is equal to or

more than line 5, enter -0- on line 9. Otherwise, enter the smaller of: (1) the amount by which line 5 exceeds line 8; or (2) the amount from line 17 of the line 22 Exemption Worksheet of the child's 1997 Schedule P (540) or Schedule P (540NR).

Line 10 — If line 10 is -0- and you paid 1997 AMT, all of the 1997 AMT is attributable to the deferral preferences. Enter -0- on line 13, then complete Part I, Section B, if applicable and Part II to figure the available credit for 1998.

Line 24 — If you reduced your 1997 AMT by any solar energy credit carryover or commercial solar energy credit carryover from your 1997:

- Schedule P (540), Part V, Section C, line 26 and line 27, column (b);
- Schedule P (540NR), Part VI, Section C, line 26 and line 27, column (b); or
- Schedule P (541), Part V, Section C, line 22 and line 23, column (b);

reduce the amount on this line by the same amount and enter the amount of the reduction in the space to the left of line 24.

Line 27 — Enter the amount of any unused AMT credit carryover from your 1997:

- Schedule P (540), Part V, Section A2, line 18, column (d);
- Schedule P (540NR), Part VI, Section A2, line 18, column (d); or
- Schedule P (541), Part V, Section A2, line 14, column (d).

Line 28 — If line 28 is zero or less, you do not have a minimum tax credit or a minimum tax credit to carry over. Do not complete the rest of this form. If line 28 is greater than zero, enter here and in column (a) of your 1998:

- Schedule P (540), Part V, line 18;
- Schedule P (540NR), Part VI, line 18; or
- Schedule P (541), Part V, line 14.

Line 30 — The allowable credits cannot reduce regular tax below the tentative minimum tax. See Schedule P (540, 540NR or 541) for more information.

Residents add:

- The exemption credits from Form 540, line 21 (or Form 541, line 22); and
- The amount of credits that are listed on your 1998 Schedule P (540 or 541), Section A1 and Section A2, column (b).

Enter the total on line 30.

Nonresident or Part-Year Residents add:

- The exemption credits from Form 540NR, line 23 multiplied by the ratio from Form 540NR, line 25a; and
- The amount of credits that are listed on your 1998 Schedule P (540NR), Section A1 and Section A2, column (b).

Enter the total on line 30.

Line 32 — Enter the tentative minimum tax from your 1998:

- Schedule P (540) Part III, line 24;
- Schedule P (540NR), Part III, line 26; or
- Schedule P (541), Part III, line 8.